



**Sean Rogan**  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

700 W. Main Street • Alhambra, CA 91801

Tel: 626.262.4511 • TDD: 626.943.3898 • [www.lacdc.org](http://www.lacdc.org)

**Gloria Molina**  
**Mark Ridley-Thomas**  
**Zev Yaroslavsky**  
**Don Knabe**  
**Michael D. Antonovich**  
Commissioners

**ADOPTED**

Community Development Commission

December 17, 2013

2-D December 17, 2013

The Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

*Sachi A. Hamai*  
**SACHI A. HAMAI**  
EXECUTIVE OFFICER

Dear Commissioners:

**GROUND LEASE FOR COMMISSION-OWNED PROPERTY AT 895 NORTH BONNIE BEACH  
PLACE IN UNINCORPORATED EAST LOS ANGELES  
(DISTRICT 1) (3 VOTE)**

**SUBJECT**

This letter requests authority to execute a Ground Lease with Guadalupe Terrace Limited Liability Company for Guadalupe Terrace, a 31-unit affordable multifamily rental housing development located at 895 North Bonnie Beach Place in unincorporated East Los Angeles. Guadalupe Terrace is owned by the Community Development Commission (Commission).

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Executive Director, or his designee, to negotiate, execute and if necessary, amend or terminate a 99-year Ground Lease with Guadalupe Terrace Limited Liability Company (LLC), to preserve affordability for an additional 99 years for Guadalupe Terrace, a 31-unit affordable multifamily rental housing development in unincorporated East Los Angeles, following approval as to form by County Counsel.
2. Authorize the Executive Director, or his designee, to execute a promissory note and deed of trust, between the Commission and Guadalupe Terrace LLC, to facilitate the assignment and assumption of all existing debt by Guadalupe Terrace LLC, following approval as to form by County Counsel.
3. Find that approval of the Ground Lease and debt assumption and assignment is not subject to the provisions of the California Environmental Quality Act (CEQA) because the action is not defined as a project under CEQA.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended actions is to execute a 99-year Ground Lease with Guadalupe Terrace LLC to preserve affordable housing in unincorporated East Los Angeles.

## **FISCAL IMPACT/FINANCING**

No funding is requested at this time.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On March 30, 1992, the Commission acquired the subject property with \$690,000 in Community Development Block Grant funds allocated to the First Supervisorial District. On April 18, 1996, the Housing Authority of the County of Los Angeles entered into a development and HOME loan agreement with the Commission to develop 31 units of affordable rental housing on the property.

On October 21, 1998, the Commission entered into a one-year Agreement with New Economics for Women (NEW) to purchase and manage the site. After the 1998 Agreement expired, your Board authorized the Commission to enter into a Master Lease, Option Agreement and Property Management Agreement, which were executed between NEW and the Commission on June 1, 2010. NEW was unable to secure necessary financing to acquire the site and all of the Agreements executed on June 1, 2010 were terminated on August 12, 2011. The Commission conducted a financial analysis to determine the most cost effective approach to providing property management. Based on the analysis, the Commission hired Levine Management Group to manage the property. Use of a third party property management firm results in cost savings for the Commission and prevents any gaps in service for residents.

Thirty of the units are reserved for households earning 50% or below the Area Median Income for the Los Angeles-Long Beach Metropolitan Statistical Area as defined by the U.S. Department of Housing and Urban Development. One unit is reserved for a resident manager. Currently, the property is affordable through 2026. The Ground Lease will preserve affordability for an additional 99 years until 2113, and incorporates an annual Ground Lease payment to the Commission of \$20,000.

Guadalupe Terrace LLC will consist of the Los Angeles County Housing Development Corporation as the sole member. The existing debt on the property will be assumed by Guadalupe Terrace LLC. As of January 1, 2014, the total principal and accrued interest amount to be assumed by Guadalupe Terrace LLC is \$5,103,016, at 3% simple annual interest with a 30-year term. The loan will be repaid out of residual receipts, of which 75% will be allocated as payment on the Commission's loan and 25% payable to Guadalupe Terrace LLC. The loan will be evidenced by a promissory note collateralized by a deed of trust recorded against the property.

## **ENVIRONMENTAL DOCUMENTATION**

This action is exempt from the National Environmental Policy Act pursuant to Title 24, Code of Federal Regulations, Part 58, Section 35(a)(5), because it involves leasing activities that will not have any physical impacts that could alter existing environmental conditions. This action is not subject to the provisions of CEQA pursuant to the State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA as it does not have the potential for causing a significant effect on the environment.

The Honorable Board of Supervisors

12/17/2013

Page 3

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The requested actions will preserve much needed affordable housing for low-income families in the County.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:cr